

ANNUAL BUDGET OF
NALEDI LOCAL
MUNICIPALITY
NW392



2015/16 TO 2017/18
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	KPI	Key Performance Indicator
ASGISA	Accelerated and Shared Growth Initiative	kWh	kilowatt
BPC	Budget Planning Committee	ℓ	litre
CBD	Central Business District	LED	Local Economic Development
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act Programme
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MMC	Member of Mayoral Committee
DBSA	Development Bank of South Africa	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
DWA	Department of Water Affairs	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	NERSA	National Electricity Regulator South Africa
EM	Executive Mayor	NGO	Non-Governmental organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross domestic product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Strategy	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kl	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
		SDBIP	Service Delivery Budget Implementation Plan
		SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Refer to Annexure C

1.2 Council Resolutions

On 28 May 2015 the Council of Naledi Local Municipality met in the Council Chambers to consider the annual budget of the municipality for the financial year 2015/16. The Council approved and adopted the following resolutions:

1. That the final Operating and Capital Budget for the MTREF 2015 / 2016 to 2017 / 2018 is hereby tabled by the Mayor to Council in terms of Section 16 (2) of the Municipal Finance Management Act, 56 of 2003.
2. That the draft Operating and Capital Budget for the MTREF 2015 / 2016 to 2017 / 2018 was taken for public participation to all wards within Naledi Local Municipality and that public was invited to make representations in connection with the budget in terms of Sections 22 and 23 of the Municipal Finance Management Act, 56 of 2003.
3. That in terms of Section 17 (3) of the Municipal Finance Management Act, 56 of 2003, the following draft resolution for the final adoption of the annual Operating and Capital Budget for the MTREF 2015 / 2016 to 2017 / 2018 is hereby noted.
4. That in terms of Section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the Naledi Local Municipality for the financial year 2015 / 2016; and indicative allocations for the two (2) projected outer years 2016 / 2017 and 2017 / 2018; and the multi-year and single year capital appropriations are approved as set-out in the following tables:-
 - 4.1 Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 4.2 Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 4.3 Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 4.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
5. That the financial position, cash flow, cash-backed reserve / accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:-

- 5.1 Budgeted Financial Position;
 - 5.2 Budgeted Cash Flows;
 - 5.3 Cash backed reserves and accumulated surplus reconciliation;
 - 5.4 Asset management; and
 - 5.5 Basic service delivery measurement.
6. That in terms of Section 24 (2) (c) (i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and Sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out in annexures D that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2015.
 7. That 2015 / 2016 tariffs be increased as follows:-

7.1	Rates	4.80 %
7.2	Water	4.80 %
7.3	Electricity	12.20 %
7.4	Refuse Removal	4.80 %
7.5	Sewerage	4.80 %
7.6	Other Services	4.80 %
 8. That in terms of Section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy (or the amendments to the rates policy) is approved.
 9. That provision has been made for 5.4 % increase in the salaries and wages of employees in terms of SALGA circular 17/2015 of 4 May 2015, while the negotiations are still underway.
 10. That in terms of Section 24 (2) (c) (iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.
 11. That in terms of Section 24 (2) (c) (iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out in Budget Chapter 17 are approved.
 12. That in terms of Section 24 (2) (c) (v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget Chapter 19 are approved for the budget year 2015 / 2016.

13. That the Municipal Manager takes corrective measures with regards to the Municipal officials within the Debt Collection Section, and must not transfer the problem.
14. That the No-Fee Schools be included on point 11 within the Indigent Policy as follows:-

“ Indigent Households, Retirement Centers, Old Age Homes and No-Fee Schools”.
15. That the Subsistence and Travel Policy be adopted and reviewed at any date before end of June 2015 and that the reviewed Policy be submitted to the forthcoming Council meeting (30 June 2015).

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity Municipality infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Vaalharts Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process; and

- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

Medium term budget policy statement 2015

Key priorities of government are to reshape South Africa's urban environment through integrated spatial planning, investment in dynamic city development, integrated housing and transport programmes, and support for business activity and job creation.

The Medium Term Strategic Framework (MTSF) priorities for structural reform over the period ahead include:

- Building the capacity of local government through the "back to basics" approach which will focus on improving service delivery, accountability and financial management.
- Reshaping South Africa's urban environment through integrated spatial planning and an expansion of the municipal debt market.

Cash flow and outstanding debt

In the special council meeting held on 27 March 2015, through council resolution no 155/2015, the Council adopted the National Treasury resolutions for the medium to long-term turnaround of the Naledi Local Municipality. Amongst the 12 resolutions taken, the following have a specific impact on the draft MTREF budget:

- That the municipality must prepare a holistic financial recovery plan in terms of section 142 of the MFMA. After consultation with National and Provincial Treasuries, the final financial recovery plan must be approved by Council on 31 May 2015.
- That the municipality devises a payment arrangement pertaining to arrear debt owing to Eskom, this plan must be cash backed and finalized before 31 March 2015
- That the municipality ensure that a surplus budget is presented for the 2015/16 MTREF within the prescribed timeframes. That the budget is drafted in line with the financial recovery plan

The focus of the 2015/16 - 2017/18 MTREF budget is to turnaround the cash flow situation. The outstanding bulk Eskom account is a key focus area of National Treasury and the repayment agreement, that the municipality can afford, has been signed and provided for in terms of the MTREF budget. The municipality is compelled to budget for a surplus budget in order to address the huge outstanding creditor debt. Although a surplus budget is not immediately

possible, great strides have been made moving towards achieving a surplus operating budget over the MTREF.

The R20m funding received from SANEDI in 2014/2015 has boosted the smart meter project. The implementations of the smart meters are at an advanced stage and the impact will be felt in the 2015/16 financial year. Additional funding is however required in order to expand the project.

Headline inflation forecasts

Municipality took into consideration the macro-economic forecasts as indicated on MFMA circular 74 and 75 into consideration when preparing their 2015/16 budgets and MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/15MTREF

R Thousand	Adjustment budget 2014/15	Budget year 2015/16	Budget year 2016/17	Budget year 2017/18
Total Operating Revenue	335,445,150	387,252,437	366,699,966	396,443,607
Total Operating Expenditure	385,236,571	403,418,129	391,286,022	410,252,435
Surplus/ Deficit for the year	(49,791,420)	(16,165,692)	(24,586,056)	(13,808,828)
Total Capital Expenditure	66,422,455	41,363,000	22,330,000	27,040,000

Total operating revenue has grown by 13.4 per cent or R51, 8 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will decrease by 5.6 and increased by 7.5 per cent respectively over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R403, 4 million and translates into a budgeted deficit of R16, 2 million. The deficit of R16, 2 million includes non-cash items for depreciation of R48,5 million and debt impairment of R19, 1 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 4.5 per cent in the 2015/16 budget and decreased by 3.1 and increased by 4.6 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years increases to R24, 6 million and decreased to R13, 8 million which includes non-cash items for depreciation and debt impairment of R62,9 and R63,8 million.

The capital budget of R41.4 million for 2015/16 is 60.6 per cent less when compared to the 2014/15 Adjustment Budget of R66,4 million. The capital programme decreases to R22.3 million in the 2016/17 financial year and increases in 2017/18 to R27 million. A substantial portion of the capital budget will be funded from conditional grants over MTREF. Conditional

grants will contribute 99 per cent of capital expenditure in each of the MTREF years. The balance will be funded from internally generated funds.

1.4 Operating Revenue Framework

For Naledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity Municipality tariff increases as approved by the National Electricity Municipality Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16MTREF (classified by main revenue source):

Table 2Summary of revenue classified by main revenue source

NW392 Naledi (Nw) - Table A4 Budgeted Financial Performance (revenue and expenditure)

NW332 Naledi (NW) - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	23 972	27 872	29 587	39 842	37 917	37 917	37 917	41 249	43 683	46 129
Property rates - penalties & collection charges		1 605									
Service charges - electricity revenue	2	72 007	77 554	83 529	107 549	91 871	91 871	91 871	148 847	146 491	159 645
Service charges - water revenue	2	25 408	21 733	22 480	27 868	23 489	23 489	23 489	20 910	22 144	23 384
Service charges - sanitation revenue	2	13 074	14 049	13 969	14 732	13 897	13 897	13 897	14 919	15 799	16 684
Service charges - refuse revenue	2	12 788	13 987	13 670	14 845	13 248	13 248	13 248	14 471	15 325	16 166
Service charges - other											
Rental of facilities and equipment		898	1 065	1 116	949	703	703	703	1 098	1 748	2 574
Interest earned - external investments		174	593	575	600	200	200	200	200	212	224
Interest earned - outstanding debtors		9 064	9 998	11 406	12 000	15 000	15 000	15 000	15 000	15 885	16 775
Dividends received						-	-	-			
Fines		297	403	1 855	340	301	301	301	2 501	5 001	7 501
Licences and permits		4 114	5 478	5 872	5 670	6 420	6 420	6 420	6 420	6 799	7 180
Agency services						-	-	-			
Transfers recognised - operational		33 179	59 147	55 907	55 559	53 859	53 859	53 859	66 554	66 114	67 481
Other revenue	2	2 253	4 410	41 697	7 415	19 789	19 789	19 789	4 040	4 457	4 915
Gains on disposal of PPE		-	4 960	-	12 102	14 000	14 000	14 000	10 000		
Total Revenue (excluding capital transfers and contributions)		198 832	241 251	281 662	299 472	290 694	290 694	290 694	346 208	343 658	368 656

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2014/15 financial year, revenue from services charges totalled R142, 5 million. This increases to R199, 1 million, R199, 8 million and R215,8 million in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Property rates is the second largest revenue source totalling 11.9 per cent or R41, 2 million rand and increases to R43, 7 million by 2016/17. The third largest sources is interest on outstanding debtors with R15 million and the fourth largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees.

Operating grants and transfers from National and Provincial government totals R46, 5 million in the 2015/16 financial year and decreases to R42, 8 million by 2016/17. Operating grants and transfers from Dr Ruth Sekgomotsi District Municipality totals R22, million in the 2015/16 financial year and steadily increases to R23, 3 million by 2016/17. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

NW392 Naledi (Nw) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		31 410	36 396	38 051	41 079	41 079	41 079	44 024	42 286	42 348
Local Government Equitable Share		29 120	33 235	34 611	36 699	36 699	36 699	39 618	39 704	39 615
Finance Management		1 500	846	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive			1 515	1 000	1 846	1 846	1 846	1 876		
Other transfers/grants [insert description]										
Provincial Government:		460	460	530	530	530	530	530	530	530
Sport and Recreation		460	460	530	530	530	530	530	530	530
Other transfers/grants [insert description]										
District Municipality:		2 039	28 013	17 269	13 950	12 250	12 250	22 000	23 298	24 603
Dr Ruth Sekgomotsi		2 039	28 013	17 269	13 950	12 250	12 250	22 000	23 298	24 603
Other grant providers:		–	220	599	–	–	–	–	–	–
LG SETA			220	599						
Total Operating Transfers and Grants	5	33 910	65 089	56 449	55 559	53 859	53 859	66 554	66 114	67 481
Capital Transfers and Grants										
National Government:		12 009	22 567	41 251	24 051	44 051	44 051	36 544	23 042	27 788
Municipal Infrastructure Grant (MIG)		12 009	14 567	22 379	16 051	16 051	16 051	16 544	17 042	17 788
Department of Energy Grant (SANEDI) for Smart Meters						20 000	20 000	5 000		
Department of Environmental Affairs and Electricity Demand side ma			8 000	18 872	8 000	8 000	8 000	15 000	6 000	10 000
Provincial Government:		–	–	700	700	700	700	–	–	–
Fire and Emergency Grant				700	700	700	700			
District Municipality:		–	–	–	–	–	–	4 500	–	–
Dr Ruth Sekgomotsi								4 500		
Other grant providers:		–	–	–	–	–	–	–	–	–
LG SETA										
Total Capital Transfers and Grants	5	12 009	22 567	41 951	24 751	44 751	44 751	41 044	23 042	27 788
TOTAL RECEIPTS OF TRANSFERS & GRANTS		45 919	87 656	98 400	80 310	98 610	98 610	107 598	89 156	95 269

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.8 per cent upper boundary of the South African Reserve Bank's inflation target. The municipality increased the property rates tariff and other tariffs charges with 4.8% except for electricity which was increased by 12.20% as per NERSA guidelines. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom tariffs are far beyond the mentioned inflation target. Given that the tariff increases are determined by external agencies, the impact they have on the municipality's electricity and the tariff is largely outside the control of the Municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 4.8 per cent increase from 1 July 2015 is contained below:

Table 4 Comparison of proposed rates to levied for the 2015/16 financial year

Category	Current Tariff (1 July 2014)	Proposed tariff (from 1 July 2015)
	c	C
Residential	0.0061	0.0064
Businesses	0.0121	0.0127
Industrial	0.0121	0.0127
Agricultural	0.0015	0.0016
Agricultural : Businesses	0.0030	0.0032
Government	0.0182	0.0190

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 4.8 per cent from 1 July 2015 for water is proposed. In addition 6 kℓ water per 30-day period will again be granted free of charge to the registered indigents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	Rand per kℓ	Rand per kℓ
Households		
Monthly basic charge fee	R 0.00	R 0.00
Consumption per kiloliter per monthly reading/estimate (0 kl - 6 kl)	R 6.50	R 6.80
Consumption per kiloliter per monthly reading/estimate (7 kl - 15 kl)	R 8.60	R 9.00
Consumption per kiloliter per monthly reading/estimate (16 kl - 30 kl)	R 9.70	R 10.20
Consumption per kiloliter per monthly reading/estimate (31 kl - 50 kl)	R 11.30	R 11.80
Consumption per kiloliter per monthly reading/estimate (51 kl and more)	R 11.80	R 12.40
Businesses and other consumers		
Monthly availability/basic charge fee: Businesses	R 186.90	R 195.90
Monthly availability/basic charge fee: Sporting grounds	R 61.90	R 64.90
Monthly availability/basic charge fee: Agricultural Society	R 61.90	R 64.90
Monthly availability/basic charge fee: Bulk consumers above 500 kl	R 610.80	R 640.10

CATEGORY	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	Rand per kℓ	Rand per kℓ
Consumption per kiloliter per monthly reading/estimate: Businesses, sporting grounds and Agricultural Society	R 8.20	R 8.60
Monthly availability/basic charge fee: Motor Club	R 31.60	R 33.10
Consumption per kiloliter per monthly reading/estimate: Motor Club	R 9.60	R 10.10
Consumption per kiloliter per monthly reading/estimate: Businesses Taung&Pudimoe (No basic charge)(Connection along Pudimoe line)	R 10.10	R 10.60
A rebate of 10% will be applicable on manufacturing industries in the industrial area and businesses in the CBD under certain conditions	10% Rebate	10% Rebate
Sedibeng water provision		
Consumption per kiloliter per monthly reading/estimate	R 8.00	R 8.40
Bernaauw Small Holdings within municipal area		
Consumption per kiloliter per monthly reading/estimate (0 kl - 250 kl)	R 10.00	R 10.50
Consumption per kiloliter per monthly reading/estimate (251 kl - 300 kl)	R 24.10	R 25.30
Consumption per kiloliter per monthly reading/estimate (301 kl - 350 kl)	R 32.50	R 34.10
Consumption per kiloliter per monthly reading/estimate (351 kl - 400 kl)	R 41.00	R 43.00
Consumption per kiloliter per monthly reading/estimate (401 kl and more)	R 80.60	R 84.50

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

The tariff structure of the 2015/16 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R12.40 per kilolitre for consumption in excess of 51kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 14.24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.20 per cent to offset the additional bulk purchase cost from 1 July 2015.

Registered indigents will again be granted 50 kWh per 30-day period free of charge

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 4.8 per cent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R14, 919 million for the 2015/16 financial year.

The following table compares the current and proposed tariffs:

Table 6 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2014/15	PROPOSED TARIFF 2015/16
	TARIFF PER kℓ	TARIFF PER kℓ
	R	R
Households for the first 4 flush units	R 177.40	R 185.90
Households for every flush unit above 4 to maximum of an additional 5 flush units	R 147.60	R 154.70
Sport clubs for the first 4 flush units	R 177.40	R 185.90

CATEGORY	CURRENT TARIFF 2014/15	PROPOSED TARIFF 2015/16
	TARIFF PER kℓ	TARIFF PER kℓ
	R	R
Sport clubs for every flush unit above the first 4 flush units	R 147.60	R 154.70
Church halls	R 409.90	R 429.60
Other premises: Per flush unit or 600mm urinal to a maximum of 50 flush units	R 177.40	R 185.90

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

1.4.5 Waste Removal and Impact of Tariff Increases

A 4.8 per cent increase in the waste removal tariff is proposed from 1 July 2015. Any increase higher than 4.8 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 7 Comparison between current waste removal fees and increases

Refuse removal fees per month (one removal per week unless otherwise indicated)	Budget year 2014/15	Budget year 2015/16
Household	R 167.80	R 175.90
Churches/Halls	R 167.80	R 175.90
Halls	R 167.80	R 175.90
Sporting clubs	R 167.80	R 175.90
Theatres	R 167.80	R 175.90
Squatters with community toilets and water (all inclusive tariff)	R 178.40	R 187.00
Guest houses / Lodges (per room to a maximum of 10 rooms)	R 63.40	R 66.40
Hotels (3 times per week)	R 1,268.00	R 1 328.90

Old age homes and care centres	R 682.90	R 715.70
Cafés, green grocers and restaurants (3 times per week)	R 909.10	R 952.70
Hostels	R 1,268.00	R 1 328.90
Hospitals	R 1,268.00	R 1 328.90
Schools	R 469.40	R 491.90
Shops, hardware stores and other businesses	R 528.90	R 554.30
Chain stores and super markets (3 times per week)	R 1,089.60	R 1 141.90
Banks, libraries, large offices and department offices	R 568.20	R 595.50
Garages, work shops and spare part centres	R 707.30	R 741.30
Factories	R 331.30	R 347.20
Taxi rank (3 times per week)	R 1,789.50	R 1 875.40
Offices	R 344.10	R 360.60
Franchise restaurants (3 times per week)	R 1,221.30	R 1 279.90
Tuck shops and taverns	R 271.90	R 285.00
Exhaust centres	R 713.70	R 748.00
Businesses on residential sites will be determined per type of business	To be determined	To be determined
Shoprite, Spar and Pick & Pay (7 times per week)	R 3,972.90	R 4 163.60
Special removal from businesses per load	R 430.10	R 450.70
Stella businesses	R 198.60	R 208.10
Centres will be based on number and type of businesses in centre	To be determined	To be determined
Business standing empty	R 218.80	R 229.30
Mass containers (1 m³)(Capital Cost R 1,100)	R 370.60	R 388.40
Mass containers (8 m³)(Capital Cost R 12,000)	R 727.50	R 762.40
Mass containers (18 m³)(Capital Cost R 32,000)	R 1,096.00	R 1 148.60

Refuse removal per 240 liter refuse bin (2 removals per week)	R 231.50	R 242.60
Refuse removal per 240 liter refuse bin (3 removals per week)	R 304.80	R 319.40
Refuse removal per 240 liter refuse bin (7 removals per week)	R 384.40	R 402.90
Refundable deposit: All new business applications - relocations included	R 496.00	R 519.80
Penalty for the removal of municipal refuse bins (240 liter refuse bins) from any premises	R 858.10	R 899.30

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 8 MBRR Table SA14 – Household bills

NW392 Naledi (Nw) - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		1 440.71	1 525.71	1 611.15	1 308.90	1 308.90	1 308.90	4.8%	1 371.73	1 452.66	1 534.01
Electricity: Basic levy		276.61	307.12	328.61	352.90	352.90	352.90	12.2%	395.95	419.31	442.79
Electricity: Consumption		5 468.28	6 071.43	6 411.43	6 808.94	6 808.94	6 808.94	12.2%	7 639.63	8 090.37	8 543.43
Water: Basic levy		—	—	—	—	—	—				
Water: Consumption		1 067.10	1 130.06	1 193.34	1 267.33	1 267.33	1 267.33	4.8%	1 328.16	1 406.52	1 485.29
Sanitation		363.80	385.27	406.84	432.07	432.07	432.07	4.8%	452.81	479.52	506.38
Refuse removal		139.97	148.23	156.53	166.23	166.23	166.23	4.8%	174.21	184.49	194.82
Other		—	—	—	—	—	—				
sub-total		8 756.47	9 567.81	10 107.91	10 336.37	10 336.37	10 336.37	9.9%	11 362.49	12 032.87	12 706.72
VAT on Services											
Total large household bill:		8 756.47	9 567.81	10 107.91	10 336.37	10 336.37	10 336.37	9.9%	11 362.49	12 032.87	12 706.72
% increase/-decrease			9.3%	5.6%	2.3%	—	—		9.9%	5.9%	5.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		281.17	297.76	314.44	255.45	255.45	255.45	4.8%	267.71	283.51	299.38
Electricity: Basic levy		140.13	155.59	166.48	178.78	178.78	178.78	12.2%	200.60	212.43	224.33
Electricity: Consumption		712.69	791.31	835.62	887.43	887.43	887.43	12.2%	995.69	1 054.44	1 113.49
Water: Basic levy		—	—	—	—	—	—				
Water: Consumption		200.85	212.70	224.61	238.53	238.53	238.53	4.8%	249.98	264.73	279.56
Sanitation		145.75	154.35	162.99	173.10	173.10	173.10	4.8%	181.41	192.11	202.87
Refuse removal		139.97	148.23	156.53	166.23	166.23	166.23	4.8%	174.21	184.49	194.82
Other		—	—	—	—	—	—				
sub-total		1 620.57	1 759.94	1 860.67	1 899.53	1 899.53	1 899.53	9.0%	2 069.61	2 191.71	2 314.45
VAT on Services											
Total small household bill:		1 620.57	1 759.94	1 860.67	1 899.53	1 899.53	1 899.53	9.0%	2 069.61	2 191.71	2 314.45
% increase/-decrease			8.6%	5.7%	2.1%	—	—		9.0%	5.9%	5.6%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		85.60	90.55	95.62	77.68	77.68	77.68	4.8%	81.41	86.21	91.04
Electricity: Basic levy		140.84	177.37	189.79	203.81	203.81	203.81	12.2%	228.68	242.17	255.73
Electricity: Consumption		597.12	362.30	382.59	406.31	406.31	406.31	12.2%	455.88	482.78	509.81
Water: Basic levy		—	—	—	—	—	—				
Water: Consumption		61.74	65.46	69.13	73.41	73.41	73.41	4.8%	76.94	81.47	86.04
Sanitation		149.00	158.00	166.85	177.19	177.19	177.19	4.8%	185.70	196.65	207.67
Refuse removal		140.00	149.00	157.34	167.10	167.10	167.10	4.8%	175.12	185.45	195.84
Other		—	—	—	—	—	—				
sub-total		1 174.30	1 002.68	1 061.31	1 105.51	1 105.51	1 105.51	8.9%	1 203.72	1 274.74	1 346.12
VAT on Services											
Total small household bill:		1 174.30	1 002.68	1 061.31	1 105.51	1 105.51	1 105.51	8.9%	1 203.72	1 274.74	1 346.12
% increase/-decrease			(14.6%)	5.8%	4.2%	—	—		8.9%	5.9%	5.6%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

NW392 Naledi (Nw) - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	+1 2016/17	+2 2017/18
Expenditure By Type											
Employee related costs	2	73 678	90 125	118 342	135 719	136 182	136 182	136 182	148 418	157 175	165 977
Remuneration of councillors		4 328	4 682	5 856	6 176	6 176	6 176	6 176	6 454	6 834	7 217
Debt impairment	3	57 734	49 705	40 925	15 473	13 919	13 919	13 919	19 089	14 476	15 286
Depreciation & asset impairment	2	46 783	46 012	48 635	60 600	60 600	60 600	60 600	48 500	48 500	48 500
Finance charges		10 670	14 640	16 785	18 285	21 938	21 938	21 938	21 938	19 440	13 675
Bulk purchases	2	43 358	67 493	72 911	77 500	80 412	80 412	80 412	94 538	100 115	105 722
Other materials	8	4 587	16 702	12 805	25 056	25 235	25 235	25 235	25 968	9 226	15 880
Contracted services		6 651	30 035	16 343	12 027	15 487	15 487	15 487	14 680	12 771	13 472
Transfers and grants		419	1 688	599	1 004	2 062	2 062	2 062	1 120	657	1 193
Other expenditure	4, 5	18 889	26 911	28 569	26 245	23 226	23 226	23 226	22 713	22 092	23 329
Loss on disposal of PPE		4 159	930	9 565							
Total Expenditure		271 255	348 923	371 335	378 087	385 237	385 237	385 237	403 418	391 286	410 252

The budgeted allocation for employee related costs for the 2015/16 financial year totals R148,4 million, which equals 36.8 per cent of the total operating expenditure. Provision has been made for 5.4 % increase in the salaries and wages of employees in terms of SALGA circular 17/2015 of 4 May 2015, while the salary negotiations are still underway the 2015/16 financial year. An annual increase of 5.9 and 5.6 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 82 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R19,1 million and decrease to R14,5 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R48,5 million for the 2015/16 financial and equates to 12 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets

previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and outstanding creditor's, e.g Eskom. Finance charges make up 5.4 per cent (R21,9 million) of operating expenditure excluding annual redemption for 2015/16 and decreases to R19,4 million by 2016/17.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Vaalharts Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2015/16 the appropriation against this group of expenditure has grown by 6.4 per cent (R25,9 million).

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure totals R14,7 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to contracted services can be seen in MBRR SA1.

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.

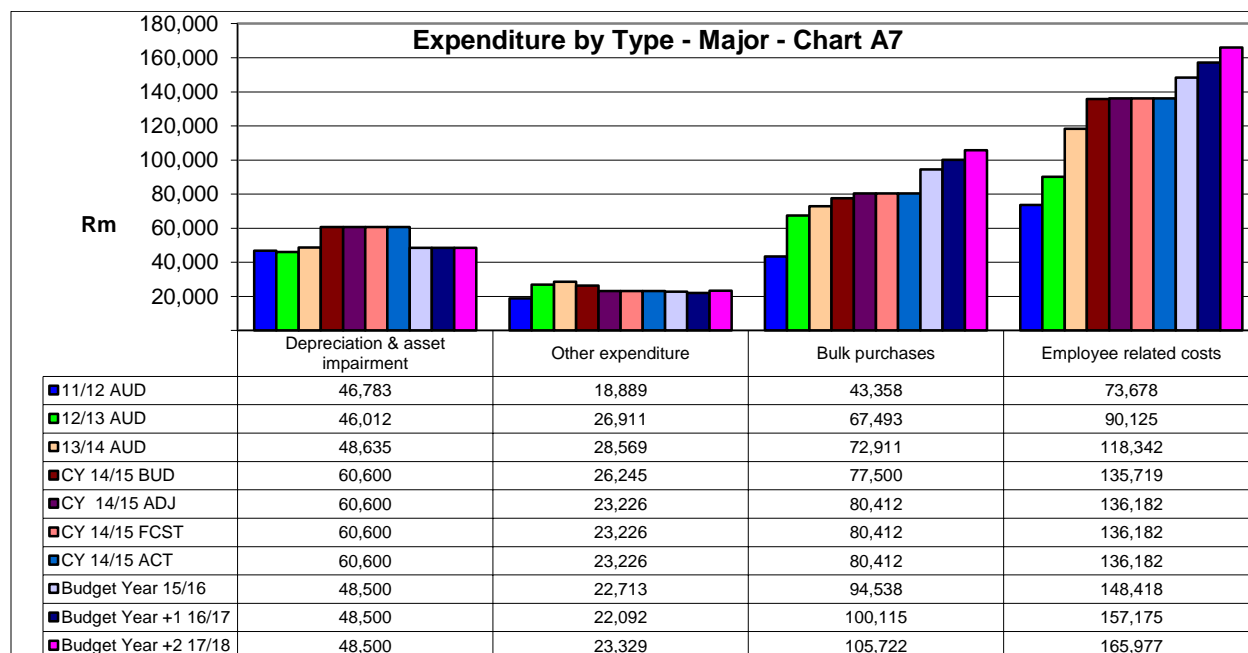
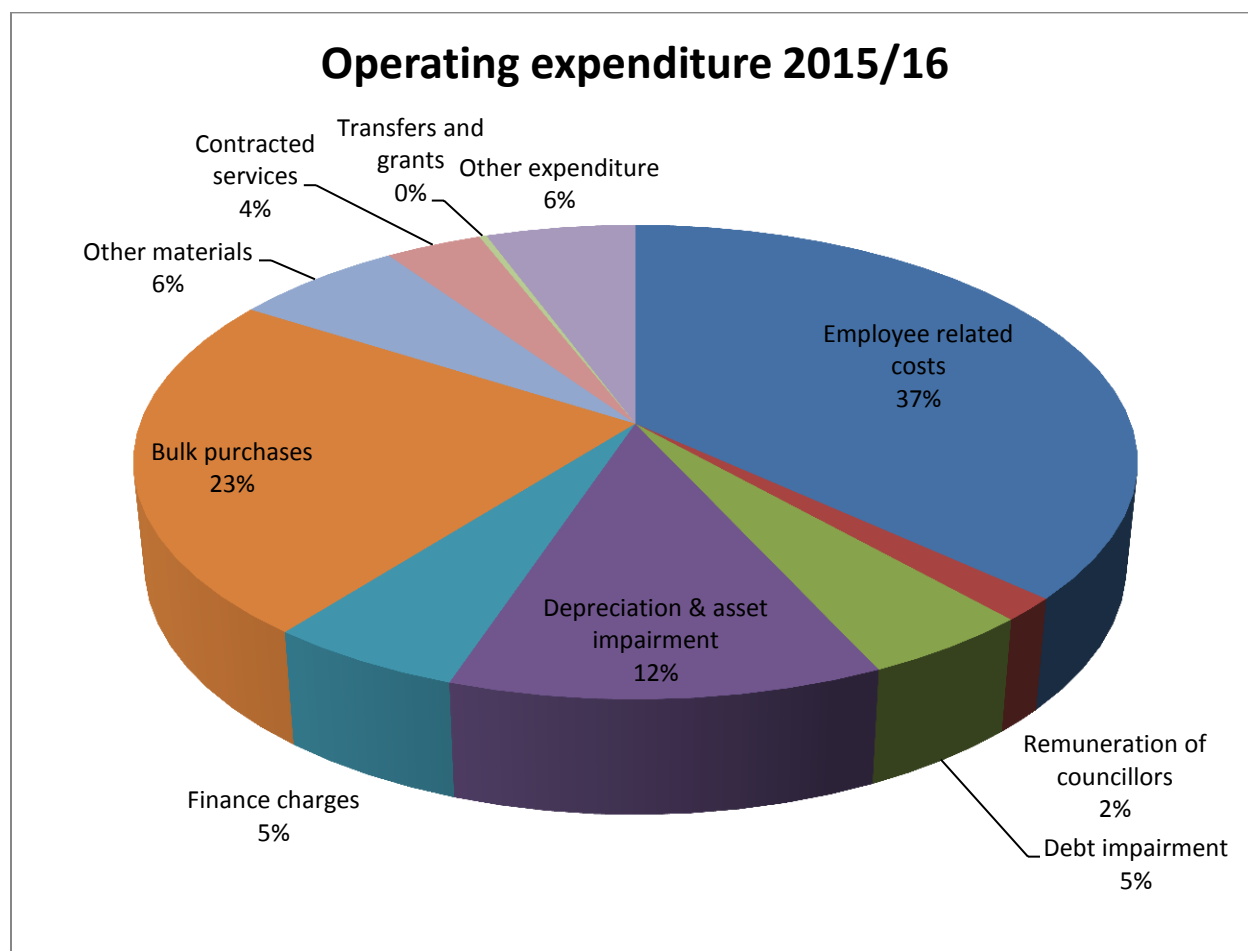


Figure 1 Main operational expenditure categories for the 2015/16 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 10 Operational repairs and maintenance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials		4 587	16 702	12 805	25 056	25 235	25 235	25 235	25 968	9 226	15 880
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	4 587	16 702	12 805	25 056	25 235	25 235	25 235	25 968	9 226	15 880

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was increased by 2.8 per cent in the 2015/16 financial year, from R25,2 million to R25,9 million. In relation to the total operating expenditure, repairs and maintenance comprises of 6.6per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class

NW392 Naledi (Nw) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
-										
Infrastructure		-	-	8 348	23 886	23 872	23 872	24 354	7 517	14 076
Infrastructure - Road transport		-	-	7 513	16 643	16 643	16 643	13 000	2 226	8 768
Roads, Pavements & Bridges				7 513	16 643	16 643	16 643	13 000	2 226	8 768
Storm water										
Infrastructure - Electricity		-	-	273	6 453	6 453	6 453	4 000	2 000	2 000
Generation				273	6 453	6 453	6 453	4 000	2 000	2 000
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	511	500	500	500	7 079	3 000	3 000
Dams & Reservoirs				511	500	500	500	7 079	3 000	3 000
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	47	285	275	275	275	291	308
Reticulation										
Sewerage purification				47	285	275	275	275	291	308

Infrastructure - Other		-	-	3	5	1	1	1	1	1
Waste Management				3	5	1	1	1	1	1
Transportation	2									
Gas										
Other	3									
Community		-	-	27	280	107	107	108	114	120
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls					25	26	26	25	26	28
Libraries				10						
Recreational facilities				8	57	25	25	20	21	22
Fire, safety & emergency					100	54	54	50	53	56
Security and policing								4	4	4
Buses	7									
Clinics										
Museums & Art Galleries				1						
Cemeteries				7	8					
Social rental housing	8									
Other					90	3	3	9	9	10
Heritage assets		-	-	0	2	-	-	-	-	-
Buildings				0	2					
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		4 587	16 702	4 431	888	1 256	1 256	1 506	1 594	1 684
General vehicles				1 174	698	1 092	1 092	1 342	1 421	1 501
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment				206	90	44	44	44	47	50
Computers - hardware/equipment				79		13	13	13	13	14
Furniture and other office equipment						10	10	0	0	0
Abattoirs										
Markets										
Civic Land and Buildings				342	100	97	97	107	113	119
Other Buildings				89						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		4 587	16 702	2 541						

Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
<i>Other (list sub-class)</i>										
Total Repairs and Maintenance Expenditure	1	4 587	16 702	12 805	25 056	25 235	25 235	25 968	9 226	15 880

For the 2015/16 financial year, R24, 4 million of total repairs and maintenance will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 6 000 or more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and also the grant from Dr Ruth Sekgomotsi District Municipality for R12 million.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2015/16 Medium-term capital budget per vote

NW392 Naledi (Nw) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard											
Governance and administration		229	3 770	2 185	500	852	852	852	4 950	100	100
Executive and council		90	377	171		400	400	400			
Budget and treasury office		79	1 211	1 282	100	100	100	100	100	100	100
Corporate services		60	2 182	731	400	352	352	352	4 850		
Community and public safety		5 158	699	2 498	10 400	11 856	11 856	11 856	4 950	5 780	5 390
Community and social services		5 158	149	302	500	232	232	232	4 950	5 780	5 390
Sport and recreation			265	2 168	9 000	10 924	10 924	10 924			
Public safety			282	25	900	700	700	700			
Housing			2	3							
Health											
Economic and environmental services		14 857	14 037	24 484	12 548	6 693	6 693	6 693	10 663	9 250	5 650
Planning and development			27								
Road transport		14 857	14 010	24 484	12 548	6 693	6 693	6 693	10 663	9 250	5 650
Environmental protection											
Trading services		5 122	8 682	27 752	21 300	47 022	47 022	47 022	20 800	7 200	15 900
Electricity		4 802	3 638	25 758	16 500	39 740	39 740	39 740	20 000	6 000	10 000
Water			355	952	2 000						
Waste water management			43	775	–						
Waste management		319	4 647	266	2 800	7 282	7 282	7 282	800	1 200	5 900
Other											
Total Capital Expenditure - Standard	3	25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040
Funded by:											
National Government		18 275	17 319	25 414	27 248	59 956	59 956	59 956	36 413	22 230	26 940
Provincial Government					700	700	700	700			
District Municipality				15 326					4 500		
Other transfers and grants											
Transfers recognised - capital	4	18 275	17 319	40 740	27 948	60 656	60 656	60 656	40 913	22 230	26 940
Public contributions & donations	5	393		8 216							
Borrowing	6				10 000						
Internally generated funds		6 697	9 869	7 963	6 800	5 766	5 766	5 766	450	100	100
Total Capital Funding	7	25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040

For 2015/16 an amount of R31,5 million has been appropriated for the development of infrastructure which represents 76.1 per cent of the total capital budget. In the outer years this amount totals R16,5 million, 73.7 per cent and R21,6 million, 79.7 per cent respectively for each of the financial years. Electricity infrastructure receives the highest allocation of R20 million in 2015/16 which equates to 48,3 per cent followed by Sport and Recreation 11.8 per cent, R4,9 million.

Total new assets represent 64.6 per cent or R26,7 million of the total capital budget while asset renewal equates to 35.5 per cent or R14,7 million. Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

The projects to be undertaken over the medium-term include:

			Draft budget 2015/16 R '000	Indicative budget 2016/17 R '000	Indicative budget 2017/18 R '000
Bulk Electrical Supply to X25 (New Substation)	INEP		3 338	-	-
Electricification of 600 houses Ext 25	INEP		2 662	-	-
Electricification of 1000 houses Ext 28	INEP		5 500	3 538	5 662
Electrication of 800 houses at Rekgarathile - Stella	INEP		-	-	2 300
New Control Room for Vryburg Munic Substation	INEP		3 500	2 462	-
Bulk Electrical Supply to X25 (New Substation) Ph2	INEP		-	-	2 038
Access Roads in Greater Vryburg "B": Huhudi	MIG		7 929	-	-
Stella New Landfill Site	MIG		800	1 200	5 900
Rekgarathile Community Hall	MIG		450	4 050	-
Upgrading of Kinet Hall	MIG		4 000	-	-
Upgrading of Access Roads in Greater Naledi (4 street in Colridge and 2 in Huhudi)	MIG		2 734	3 750	-
Paved Roads: Ext. 25 Phase I	MIG		-	-	1 250
Pule Secondary School Access Roads - Keitebetse, Pitso and Makgobi Streets	MIG		-	500	4 400
Paved Roads: Rekgarathile - Stella	MIG		-	5 000	-
Community Hall: Ext. 25	MIG		500	1 730	5 390
Smart Electricity Meter Replacement Program	SANEDI		5 000	-	-
Stella Satellite Office	District		4 500	-	-
Sundry machinery and equipment	Internal Funds		450	100	100
TOTAL EXPENDITURE			41 363	22 330	27 040

The following graph provides a breakdown of the capital budget for 2015/16 per vote.

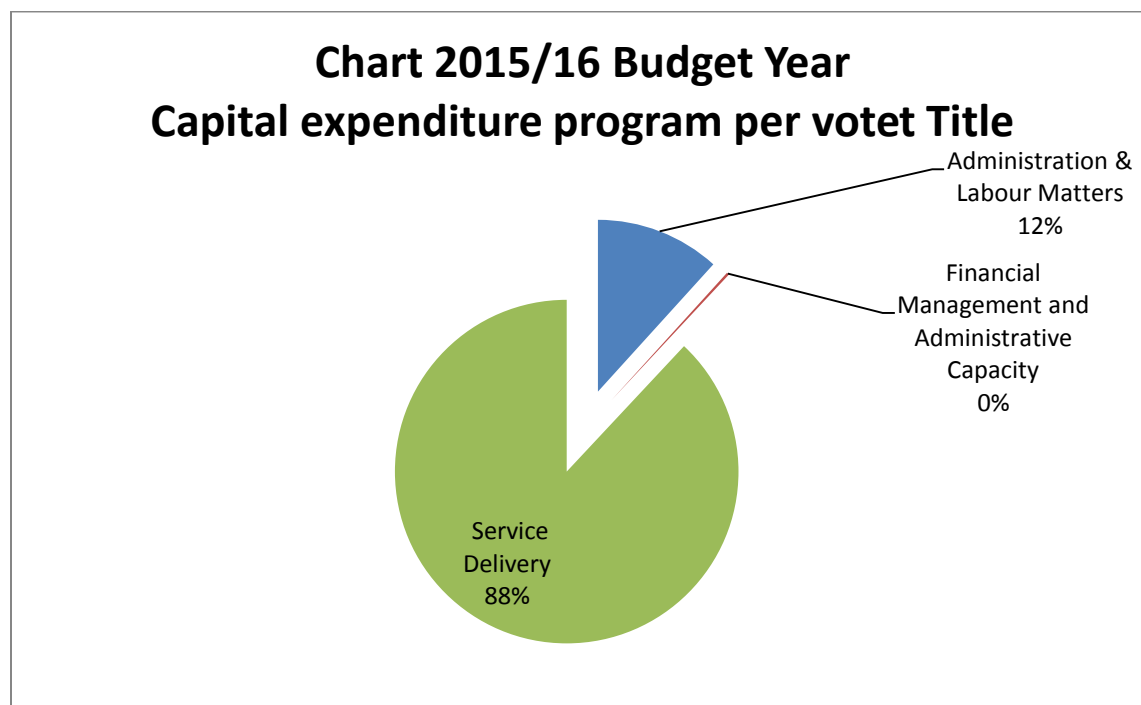


Figure 2 Capital Budget per Vote

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 13 MBRR Table A1 - Budget Summary**NW392 Naledi (Nw) - Table A1 Budget Summary**

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	25 577	27 872	29 587	39 842	37 917	37 917	37 917	41 249	43 683	46 129
Service charges	123 277	127 324	133 648	164 994	142 505	142 505	142 505	199 147	199 759	215 878
Investment revenue	174	593	575	600	200	200	200	200	212	224
Transfers recognised - operational	33 179	59 147	55 907	55 559	53 859	53 859	53 859	66 554	66 114	67 481
Other own revenue	16 625	26 314	61 946	38 477	56 213	56 213	56 213	39 059	33 890	38 944
Total Revenue (excluding capital transfers and contributions)	198 832	241 251	281 662	299 472	290 694	290 694	290 694	346 208	343 658	368 656
Employee costs	73 678	90 125	118 342	135 719	136 182	136 182	136 182	148 418	157 175	165 977
Remuneration of councillors	4 328	4 682	5 856	6 176	6 176	6 176	6 176	6 454	6 834	7 217
Depreciation & asset impairment	46 783	46 012	48 635	60 600	60 600	60 600	60 600	48 500	48 500	48 500
Finance charges	10 670	14 640	16 785	18 285	21 938	21 938	21 938	21 938	19 440	13 675
Materials and bulk purchases	47 945	84 195	85 716	102 556	105 647	105 647	105 647	120 505	109 341	121 602
Transfers and grants	419	1 688	599	1 004	2 062	2 062	2 062	1 120	657	1 193
Other expenditure	87 432	107 581	95 402	53 746	52 631	52 631	52 631	56 483	49 339	52 088
Total Expenditure	271 255	348 923	371 335	378 087	385 237	385 237	385 237	403 418	391 286	410 252
Surplus/(Deficit)	(72 423)	(107 672)	(89 673)	(78 615)	(94 542)	(94 542)	(94 542)	(57 210)	(47 628)	(41 597)
Transfers recognised - capital	18 668	23 256	26 007	24 751	44 751	44 751	44 751	41 044	23 042	27 788
Contributions recognised - capital & contributed a	—	—	21 324	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)
Capital expenditure & funds sources										
Capital expenditure	25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040
Transfers recognised - capital	18 275	17 319	40 740	27 948	60 656	60 656	60 656	40 913	22 230	26 940
Public contributions & donations	393	—	8 216	—	—	—	—	—	—	—
Borrowing	—	—	—	10 000	—	—	—	—	—	—
Internally generated funds	6 697	9 869	7 963	6 800	5 766	5 766	5 766	450	100	100
Total sources of capital funds	25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040
Financial position										
Total current assets	58 395	50 092	50 295	123 568	123 568	123 568	123 568	75 240	60 384	46 765
Total non current assets	1 002 089	984 672	990 623	955 548	977 222	977 222	977 222	970 085	943 915	922 455
Total current liabilities	186 211	227 580	302 246	190 402	194 063	194 063	194 063	163 553	168 388	178 073
Total non current liabilities	100 362	103 760	76 278	120 457	110 457	110 457	110 457	115 593	122 331	129 108
Community wealth/Equity	773 911	703 424	662 394	768 257	796 270	796 270	796 270	766 180	713 580	662 039
Cash flows										
Net cash from (used) operating	30 640	21 411	29 262	(40 822)	(3 320)	(3 320)	(3 320)	(22 239)	(15 879)	(12 947)
Net cash from (used) investing	(24 212)	(24 610)	(33 882)	27 354	7 578	7 578	7 578	29 251	25 472	19 703
Net cash from (used) financing	(571)	—	—	8 013	(4 386)	(4 386)	(4 386)	(4 386)	(4 386)	(4 386)
Cash/cash equivalents at the year end	9 156	6 079	1 459	3 823	1 331	1 331	1 331	3 957	9 164	11 534
Cash backing/surplus reconciliation										
Cash and investments available	9 278	6 079	1 459	13 123	13 123	13 123	13 123	13 753	14 564	4 380
Application of cash and investments	102 637	147 563	220 549	11 260	12 180	12 180	12 180	57 013	78 007	96 655
Balance - surplus (shortfall)	(93 358)	(141 484)	(219 090)	1 864	943	943	943	(43 260)	(63 443)	(92 275)
Asset management										
Asset register summary (WDV)	1 001 370	983 953	989 903	954 829	976 503	976 503	969 366	969 366	943 196	921 736
Depreciation & asset impairment	46 783	46 012	48 635	60 600	60 600	60 600	48 500	48 500	48 500	48 500
Renewal of Existing Assets	—	12 594	25 478	10 748	20 216	20 216	20 216	14 663	9 250	5 650
Repairs and Maintenance	4 587	16 702	12 805	25 056	25 235	25 235	25 968	25 968	9 226	15 880
Free services										
Cost of Free Basic Services provided	2 040	1 025	2 412	17 231	17 189	17 189	18 109	18 109	19 009	20 082
Revenue cost of free services provided	2 060	1 045	2 432	7 215	7 215	7 215	21 724	21 724	22 607	24 066
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sew erage:	0	—	—	—	—	—	—	—	—	—
Energy:	8	9	9	9	9	9	9	9	9	9
Refuse:	1	1	1	1	1	1	1	1	1	1

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the 2015/16
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 14MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NW392 Naledi (Nw) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		66 430	82 447	147 109	116 624	119 226	119 226	125 973	115 702	119 875
Executive and council		334	19 356	57 716	12 102	14 000	14 000	10 000	-	-
Budget and treasury office		66 029	62 313	88 508	103 900	104 604	104 604	110 851	115 043	119 179
Corporate services		67	778	885	622	622	622	5 122	659	696
<i>Community and public safety</i>		5 629	16 261	18 308	9 882	10 051	10 051	12 905	16 752	20 816
Community and social services		281	1 546	2 133	2 518	2 204	2 204	2 195	2 294	2 392
Sport and recreation		352	924	1 501	358	136	136	1 498	2 351	3 419
Public safety		4 761	13 789	14 664	6 996	7 706	7 706	9 206	12 102	14 999
Housing		234	2	10	10	5	5	5	5	6
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19 684	25 381	14 196	16 509	27 245	27 245	16 892	17 410	18 177
Planning and development		923	839	401	418	348	348	348	368	389
Road transport		18 761	24 542	13 794	16 091	26 898	26 898	16 544	17 042	17 788
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		125 754	140 418	149 381	181 208	178 922	178 922	231 483	216 836	237 576
Electricity		72 288	89 488	96 552	119 777	125 842	125 842	168 957	152 608	169 768
Water		27 507	21 850	22 605	28 168	23 989	23 989	31 160	32 999	34 847
Waste water management		13 124	15 092	14 766	16 572	13 997	13 997	15 019	15 905	16 795
Waste management		12 836	13 987	15 458	16 691	15 094	15 094	16 347	15 325	16 166
<i>Other</i>	4	3	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	217 500	264 507	328 994	324 223	335 445	335 445	387 252	366 700	396 444
Expenditure - Standard										
<i>Governance and administration</i>		142 847	83 184	92 184	95 459	99 992	99 992	105 916	105 307	104 324
Executive and council		19 813	21 302	24 035	24 937	23 476	23 476	25 494	26 271	27 742
Budget and treasury office		117 089	47 350	47 000	45 435	49 289	49 289	51 111	49 913	45 840
Corporate services		5 945	14 532	21 149	25 087	27 228	27 228	29 312	29 124	30 742
<i>Community and public safety</i>		27 015	41 835	45 098	49 268	50 018	50 018	53 010	55 208	58 271
Community and social services		2 527	14 716	12 817	10 920	11 390	11 390	12 328	12 943	13 668
Sport and recreation		6 367	6 189	7 163	9 660	10 230	10 230	10 741	10 558	11 120
Public safety		16 132	19 201	25 079	28 667	28 392	28 392	29 937	31 703	33 479
Housing		1 990	1 728	39	21	5	5	4	4	4
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		23 319	85 281	83 341	95 484	98 064	98 064	74 004	63 698	72 096
Planning and development		2 768	425	955	3 136	3 469	3 469	3 910	3 612	4 314
Road transport		20 550	84 856	82 386	92 348	94 595	94 595	70 093	60 087	67 783
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		78 067	138 622	150 712	137 876	137 163	137 163	170 488	167 073	175 561
Electricity		43 486	74 727	72 398	85 229	87 188	87 188	111 555	109 362	114 786
Water		11 780	41 400	49 977	23 173	20 981	20 981	29 409	26 445	27 758
Waste water management		15 064	8 786	10 344	11 693	11 261	11 261	11 257	11 921	12 589
Waste management		7 737	13 710	17 994	17 781	17 733	17 733	18 266	19 344	20 427
<i>Other</i>	4	6	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	271 255	348 923	371 335	378 087	385 237	385 237	403 418	391 286	410 252
Surplus/(Deficit) for the year		(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 15MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**NW392 Naledi (Nw) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Revenue by Vote	1									
Vote 1 - ADMINISTRATION & CORPORATE SERVICE		67	778	885	622	622	622	5 122	659	696
Vote 2 - FINANCE MANAGEMENT SERVICES		66 029	62 313	88 508	103 900	104 604	104 604	110 851	115 043	119 179
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		19 388	30 248	33 766	26 991	25 564	25 564	29 252	32 077	36 982
Vote 4 - TECHNICAL SERVICES		131 682	151 812	148 119	180 608	190 655	190 655	232 027	218 921	239 586
Vote 5 - MUNICIPAL MANAGER		334	19 356	57 716	12 102	14 000	14 000	10 000	-	-
Vote 6 - ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	217 500	264 507	328 994	324 223	335 445	335 445	387 252	366 700	396 444
Expenditure by Vote to be appropriated	1									
Vote 1 - ADMINISTRATION & CORPORATE SERVICE		5 945	14 532	21 149	25 087	27 228	27 228	29 312	29 124	30 742
Vote 2 - FINANCE MANAGEMENT SERVICES		117 089	47 350	47 000	45 435	49 289	49 289	51 111	49 913	45 840
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		37 520	55 546	63 092	68 444	69 146	69 146	71 277	74 552	78 698
Vote 4 - TECHNICAL SERVICES		90 888	209 769	215 104	212 443	213 759	213 759	223 529	209 100	224 273
Vote 5 - MUNICIPAL MANAGER		19 813	21 302	24 035	24 937	23 476	23 476	25 494	26 271	27 742
Vote 6 - ECONOMIC DEVELOPMENT		-	425	955	1 742	2 340	2 340	2 697	2 326	2 957
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	271 255	348 923	371 335	378 087	385 237	385 237	403 418	391 286	410 252
Surplus/(Deficit) for the year	2	(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 Surplus/(Deficit) calculations for the trading services

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Trading services									
Electricity									
Total operating revenue	72 288	89 488	96 552	119 777	125 842	125 842	168 957	152 608	169 768
Total operating expenditure	43 486	74 727	72 398	85 229	87 188	87 188	111 555	109 362	114 786
Surplus/ (deficit) for the year	28 801	14 761	24 154	34 548	38 654	38 654	57 401	43 246	54 982
Water									
Total operating revenue	27 507	21 850	22 605	28 168	23 989	23 989	31 160	32 999	34 847
Total operating expenditure	11 780	41 400	49 977	23 173	20 981	20 981	29 409	26 445	27 758
Surplus/ (deficit) for the year	15 726	(19 550)	(27 371)	4 995	3 008	3 008	1 751	6 554	7 089
Waste water management									
Total operating revenue	13 124	15 092	14 766	16 572	13 997	13 997	15 019	15 905	16 795
Total operating expenditure	15 064	8 786	10 344	11 693	11 261	11 261	11 257	11 921	12 589
Surplus/ (deficit) for the year	(1 940)	6 307	4 422	4 878	2 736	2 736	3 761	3 983	4 206
Waste management									
Total operating revenue	12 836	13 987	15 458	16 691	15 094	15 094	16 347	15 325	16 166
Total operating expenditure	7 737	13 710	17 994	17 781	17 733	17 733	18 266	19 344	20 427
Surplus/ (deficit) for the year	5 099	277	(2 536)	(1 089)	(2 639)	(2 639)	(1 919)	(4 019)	(4 262)

2. The electricity trading surplus is improving in the 2015/16 MTREF to R57,4 million. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The water trading will have a surplus in the 2015/16 MTREF OF R1,8 million, and continue to improve in 2016/17 and 2017/18.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NW392 Naledi (Nw) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	23 972	27 872	29 587	39 842	37 917	37 917	37 917	41 249	43 683	46 129
Property rates - penalties & collection charges		1 605									
Service charges - electricity revenue	2	72 007	77 554	83 529	107 549	91 871	91 871	91 871	148 847	146 491	159 645
Service charges - water revenue	2	25 408	21 733	22 480	27 868	23 489	23 489	23 489	20 910	22 144	23 384
Service charges - sanitation revenue	2	13 074	14 049	13 969	14 732	13 897	13 897	13 897	14 919	15 799	16 684
Service charges - refuse revenue	2	12 788	13 987	13 670	14 845	13 248	13 248	13 248	14 471	15 325	16 166
Service charges - other											
Rental of facilities and equipment		898	1 065	1 116	949	703	703	703	1 098	1 748	2 574
Interest earned - external investments		174	593	575	600	200	200	200	200	212	224
Interest earned - outstanding debtors		9 064	9 998	11 406	12 000	15 000	15 000	15 000	15 000	15 885	16 775
Dividends received											
Fines		297	403	1 855	340	301	301	301	2 501	5 001	7 501
Licences and permits		4 114	5 478	5 872	5 670	6 420	6 420	6 420	6 420	6 799	7 180
Agency services											
Transfers recognised - operational		33 179	59 147	55 907	55 559	53 859	53 859	53 859	66 554	66 114	67 481
Other revenue	2	2 253	4 410	41 697	7 415	19 789	19 789	19 789	4 040	4 457	4 915
Gains on disposal of PPE			4 960		12 102	14 000	14 000	14 000	10 000		
Total Revenue (excluding capital transfers and contributions)		198 832	241 251	281 662	299 472	290 694	290 694	290 694	346 208	343 658	368 656
Expenditure By Type											
Employee related costs	2	73 678	90 125	118 342	135 719	136 182	136 182	136 182	148 418	157 175	165 977
Remuneration of councillors		4 328	4 682	5 856	6 176	6 176	6 176	6 176	6 454	6 834	7 217
Debt impairment	3	57 734	49 705	40 925	15 473	13 919	13 919	13 919	19 089	14 476	15 286
Depreciation & asset impairment	2	46 783	46 012	48 635	60 600	60 600	60 600	60 600	48 500	48 500	48 500
Finance charges		10 670	14 640	16 785	18 285	21 938	21 938	21 938	21 938	19 440	13 675
Bulk purchases	2	43 358	67 493	72 911	77 500	80 412	80 412	80 412	94 538	100 115	105 722
Other materials	8	4 587	16 702	12 805	25 056	25 235	25 235	25 235	25 968	9 226	15 880
Contracted services		6 651	30 035	16 343	12 027	15 487	15 487	15 487	14 680	12 771	13 472
Transfers and grants		419	1 688	599	1 004	2 062	2 062	2 062	1 120	657	1 193
Other expenditure	4, 5	18 889	26 911	28 569	26 245	23 226	23 226	23 226	22 713	22 092	23 329
Loss on disposal of PPE		4 159	930	9 565							
Total Expenditure		271 255	348 923	371 335	378 087	385 237	385 237	385 237	403 418	391 286	410 252
Surplus/(Deficit)		(72 423)	(107 672)	(89 673)	(78 615)	(94 542)	(94 542)	(94 542)	(57 210)	(47 628)	(41 597)
Transfers recognised - capital		18 668	23 256	26 007	24 751	44 751	44 751	44 751	41 044	23 042	27 788
Contributions recognised - capital											
Contributed assets				21 324							
Surplus/(Deficit) after capital transfers & contributions		(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)
Taxation											
Surplus/(Deficit) after taxation		(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(53 755)	(84 416)	(42 341)	(53 864)	(49 791)	(49 791)	(49 791)	(16 166)	(24 586)	(13 809)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue is R346.2 million in 2015/16 and decrease to R343.7 million by 2016/17.
- Revenue to be generated from property rates is R41.2 million in the 2015/16 financial year and increases to R43.1 million by 2016/17 which represents 11.9 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 4.8 per cent, 5.9 per cent and 5.6 per cent for each of the respective financial years of the MTREF.
- Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R199.1million for the 2015/16 financial year and increasing to R199.8million by 2016/17. For the 2015/16 financial year services charges amount to 57.5 per cent of the total revenue base

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and the Dr Ruth Sekgomotsi District municipality.
5. The following graph illustrates the major expenditure items per type.

Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2015/16 to 2016/17 period escalating from R94.5million to R100.1million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**NW392 Naledi (Nw) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - ADMINISTRATION & CORPORATE SERVICES		60	2 182	731	400	352	352	352	4 850	–	–
Vote 2 - FINANCE MANAGEMENT SERVICES		79	1 211	1 282	100	100	100	100	100	100	100
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		5 478	5 346	2 765	13 200	19 137	19 137	19 137	5 750	6 980	11 290
Vote 4 - TECHNICAL SERVICES		19 659	18 073	51 969	31 048	46 433	46 433	46 433	30 663	15 250	15 650
Vote 5 - MUNICIPAL MANAGER		90	377	171	–	400	400	400	–	–	–
Vote 6 - ECONOMIC DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040
Single-year expenditure to be appropriated	2										
Vote 1 - ADMINISTRATION & CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCE MANAGEMENT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 3 - COMMUNITY DEVELOPMENT SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 6 - ECONOMIC DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total											
Total Capital Expenditure - Vote		25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040
Capital Expenditure - Standard											
Governance and administration		229	3 770	2 185	500	852	852	852	4 950	100	100
Executive and council		90	377	171	–	400	400	400	–	–	–
Budget and treasury office		79	1 211	1 282	100	100	100	100	100	100	100
Corporate services		60	2 182	731	400	352	352	352	4 850	–	–
Community and public safety		5 158	699	2 498	10 400	11 856	11 856	11 856	4 950	5 780	5 390
Community and social services		5 158	149	302	500	232	232	232	4 950	5 780	5 390
Sport and recreation		–	265	2 168	9 000	10 924	10 924	10 924	–	–	–
Public safety		–	282	25	900	700	700	700	–	–	–
Housing		–	2	3	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		14 857	14 037	24 484	12 548	6 693	6 693	6 693	10 663	9 250	5 650
Planning and development		–	27	–	–	–	–	–	–	–	–
Road transport		14 857	14 010	24 484	12 548	6 693	6 693	6 693	10 663	9 250	5 650
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		5 122	8 682	27 752	21 300	47 022	47 022	47 022	20 800	7 200	15 900
Electricity		4 802	3 638	25 758	16 500	39 740	39 740	39 740	20 000	6 000	10 000
Water		–	355	952	2 000	–	–	–	–	–	–
Waste water management		–	43	775	–	–	–	–	–	–	–
Waste management		319	4 647	266	2 800	7 282	7 282	7 282	800	1 200	5 900
Other											
Total Capital Expenditure - Standard	3	25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040
Funded by:											
National Government		18 275	17 319	25 414	27 248	59 956	59 956	59 956	36 413	22 230	26 940
Provincial Government		–	–	–	700	700	700	700	–	–	–
District Municipality		–	–	15 326	–	–	–	–	4 500	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	18 275	17 319	40 740	27 948	60 656	60 656	60 656	40 913	22 230	26 940
Public contributions & donations	5	393	–	8 216	–	–	–	–	–	–	–
Borrowing	6	–	–	–	10 000	–	–	–	–	–	–
Internally generated funds	6	6 697	9 869	7 963	6 800	5 766	5 766	5 766	450	100	100
Total Capital Funding	7	25 366	27 188	56 918	44 748	66 422	66 422	66 422	41 363	22 330	27 040

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The capital budget appropriations, for 2015/16 amounts to R43.4 million.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from national and provincial grants and District municipality's grants, and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R40,9 million (99 per cent) and internally generated funding totaling R450 thousand for current financial years.

Table 19 MBRR Table A6 - Budgeted Financial Position**NW392 Naledi (Nw) - Table A6 Budgeted Financial Position**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		5 980	139		13	13	13	13	14	15	15
Call investment deposits	1	3 298	5 940	1 459	13 110	13 110	13 110	13 110	13 739	14 550	4 365
Consumer debtors	1	38 051	25 762	25 408	85 163	85 163	85 163	85 163	34 992	21 761	22 979
Other debtors		9 013	14 485	20 598	22 666	22 666	22 666	22 666	23 754	21 156	17 341
Current portion of long-term receivables											
Inventory	2	2 052	3 767	2 830	2 615	2 615	2 615	2 615	2 741	2 903	2 065
Total current assets		58 395	50 092	50 295	123 568	123 568	123 568	123 568	75 240	60 384	46 765
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	1 001 370	983 953	989 903	954 829	976 503	976 503	976 503	969 366	943 196	921 736
Agricultural											
Biological											
Intangible											
Other non-current assets		719	719	719	719	719	719	719	719	719	719
Total non current assets		1 002 089	984 672	990 623	955 548	977 222	977 222	977 222	970 085	943 915	922 455
TOTAL ASSETS		1 060 484	1 034 764	1 040 918	1 079 117	1 100 791	1 100 791	1 100 791	1 045 326	1 004 299	969 221
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	46 256	30 865	31 771	58 609	58 609	58 609	58 609	31 649	29 781	28 114
Consumer deposits		3 760	3 579	3 880	4 090	4 090	4 090	4 090	4 287	4 539	4 794
Trade and other payables	4	129 268	183 101	260 533	117 046	120 707	120 707	120 707	118 472	125 462	136 078
Provisions		6 927	10 035	6 062	10 657	10 657	10 657	10 657	9 145	8 606	9 088
Total current liabilities		186 211	227 580	302 246	190 402	194 063	194 063	194 063	163 553	168 388	178 073
Non current liabilities											
Borrowing		-	524	302	10 821	821	821	821	694	653	616
Provisions		100 362	103 236	75 976	109 637	109 637	109 637	109 637	114 899	121 678	128 492
Total non current liabilities		100 362	103 760	76 278	120 457	110 457	110 457	110 457	115 593	122 331	129 108
TOTAL LIABILITIES		286 573	331 340	378 524	310 859	304 520	304 520	304 520	279 145	290 719	307 182
NET ASSETS	5	773 911	703 424	662 394	768 257	796 270	796 270	796 270	766 180	713 580	662 039
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		772 685	701 576	659 596	766 295	794 308	794 308	794 308	764 124	711 402	659 739
Reserves	4	1 225	1 847	2 797	1 962	1 962	1 962	1 962	2 056	2 178	2 299
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	773 911	703 424	662 394	768 257	796 270	796 270	796 270	766 180	713 580	662 039

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 23 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and

- Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20MBRR Table A7 - Budgeted Cash Flow Statement**NW392 Naledi (Nw) - Table A7 Budgeted Cash Flows**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges									41 249	43 683	46 129
Service charges		93 635	155 895	195 708	210 282	204 088	204 088	204 088	170 784	181 091	192 829
Other revenue									14 059	18 005	22 170
Government - operating	1	33 179	59 147	55 907	55 559	53 859	53 859	53 859	66 554	66 114	67 481
Government - capital	1	18 668	23 256	26 007	24 751	44 751	44 751	44 751	41 044	23 042	27 788
Interest		9 237	10 592	11 981	600	4 700	4 700	4 700	5 200	6 097	6 998
Dividends									-	-	-
Payments											
Suppliers and employees		(118 207)	(212 829)	(243 768)	(312 724)	(286 718)	(286 718)	(286 718)	(338 070)	(333 814)	(361 473)
Finance charges		(5 454)	(12 962)	(15 974)	(18 285)	(21 938)	(21 938)	(21 938)	(21 938)	(19 440)	(13 675)
Transfers and Grants	1	(419)	(1 688)	(599)	(1 004)	(2 062)	(2 062)	(2 062)	(1 120)	(657)	(1 193)
NET CASH FROM/(USED) OPERATING ACTIVITIES		30 640	21 411	29 262	(40 822)	(3 320)	(3 320)	(3 320)	(22 239)	(15 879)	(12 947)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 088	1 641	1 500	12 102	14 000	14 000	14 000	10 000	-	-
Decrease (Increase) in non-current debtors					60 000	60 000	60 000	60 000	60 614	47 802	46 743
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(25 300)	(26 251)	(35 382)	(44 748)	(66 422)	(66 422)	(66 422)	(41 363)	(22 330)	(27 040)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(24 212)	(24 610)	(33 882)	27 354	7 578	7 578	7 578	29 251	25 472	19 703
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing					10 000				-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(571)			(1 987)	(4 386)	(4 386)	(4 386)	(4 386)	(4 386)	(4 386)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(571)	-	-	8 013	(4 386)	(4 386)	(4 386)	(4 386)	(4 386)	(4 386)
NET INCREASE/ (DECREASE) IN CASH HELD		5 857	(3 199)	(4 620)	(5 456)	(128)	(128)	(128)	2 626	5 207	2 370
Cash/cash equivalents at the year end:	2	3 299	9 278	6 079	9 278	1 459	1 459	1 459	1 331	3 957	9 164
Cash/cash equivalents at the year end:	2	9 156	6 079	1 459	3 823	1 331	1 331	1 331	3 957	9 164	11 534

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**NW392 Naledi (Nw) - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	9 156	6 079	1 459	3 823	1 331	1 331	1 331	3 957	9 164	11 534
Other current investments > 90 days		122	(0)	0	9 300	11 792	11 792	11 792	9 796	5 400	(7 154)
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		9 278	6 079	1 459	13 123	13 123	13 123	13 123	13 753	14 564	4 380
Application of cash and investments											
Unspent conditional transfers		924	3 916	20 400	4 000	7 661	7 661	7 661	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2				(20 336)	(20 336)	(20 336)	(20 336)	(21 312)	(19 570)	(14 666)
Other working capital requirements	3	101 713	143 647	200 149	14 977	14 199	14 199	14 199	69 180	87 892	101 093
Other provisions					10 657	10 657	10 657	10 657	9 145	9 685	10 227
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5				1 962				-	-	-
Total Application of cash and investments:		102 637	147 563	220 549	11 260	12 180	12 180	12 180	57 013	78 007	96 655
Surplus(shortfall)		(93 358)	(141 484)	(219 090)	1 864	943	943	943	(43 260)	(63 443)	(92 275)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Table 22 MBRR Table A9 - Asset Management

NW392 Naledi (Nw) - Table A9 Asset Management

NW392 Report (NW) - Table A3 Asset Management										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	25 366	14 594	31 441	34 000	46 206	46 206	26 700	13 080	21 390
Infrastructure - Road transport		12 865	1 405	-	-	-	-	-	-	-
Infrastructure - Electricity		4 802	2 993	23 376	16 500	19 740	19 740	15 000	6 000	10 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		319	1 920	-	-	-	-	800	1 200	5 900
Infrastructure		17 987	6 318	23 376	16 500	19 740	19 740	15 800	7 200	15 900
Community		5 091	-	-	-	-	-	950	5 780	5 390
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 288	8 276	8 065	17 500	26 466	26 466	9 950	100	100
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	12 594	25 478	10 748	20 216	20 216	14 663	9 250	5 650
Infrastructure - Road transport		-	10 356	20 978	1 748	5 891	5 891	10 663	9 250	5 650
Infrastructure - Electricity		-	645	2 109	-	-	-	-	-	-
Infrastructure - Water		-	-	942	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	1 592	250	-	3 501	3 501	-	-	-
Infrastructure		-	12 594	24 279	1 748	9 392	9 392	10 663	9 250	5 650
Community		-	-	1 199	9 000	10 824	10 824	4 000	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	12 865	11 761	20 978	1 748	5 891	5 891	10 663	9 250	5 650
Infrastructure - Road transport		4 802	3 638	25 484	16 500	19 740	19 740	15 000	6 000	10 000
Infrastructure - Electricity		-	-	942	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		319	3 512	250	-	3 501	3 501	800	1 200	5 900
Infrastructure		17 987	18 912	47 655	18 248	29 132	29 132	26 463	16 450	21 550
Community		5 091	-	1 199	9 000	10 824	10 824	4 950	5 780	5 390
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 288	8 276	8 065	17 500	26 466	26 466	9 950	100	100
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	25 366	27 188	56 918	44 748	66 422	66 422	41 363	22 330	27 040
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	497 066	510 137	542 704	509 703	503 111	503 111	487 602	470 566	449 786
Infrastructure - Electricity		206 418	207 771	224 929	219 771	224 466	224 466	230 471	228 377	231 202
Infrastructure - Water		12	13	956	13	12	12	10	9	8
Infrastructure - Sanitation		12 264	12 938	14 650	13 858	13 065	13 065	12 273	11 434	10 549
Infrastructure - Other		175 385	144 567	108 840	112 490	115 991	115 991	116 791	117 991	123 891
Infrastructure		891 145	875 427	892 080	855 834	856 646	856 646	847 148	828 377	815 436
Community		46 469	44 025	43 195	50 820	57 767	57 767	58 841	60 516	61 575
Heritage assets		719	719	719	719	719	719	719	719	719
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		63 036	63 782	53 909	47 455	61 371	61 371	62 658	53 584	44 006
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 001 370	983 953	989 903	954 829	976 503	976 503	969 366	943 196	921 736
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	46 783	46 012	48 635	60 600	60 600	60 600	48 500	48 500	48 500
Repairs and Maintenance by Asset Class		4 587	16 702	12 805	25 056	25 235	25 235	25 968	9 226	15 880
Infrastructure - Road transport		-	-	7 513	16 643	16 643	16 643	13 000	2 226	8 768
Infrastructure - Electricity		-	-	273	6 453	6 453	6 453	4 000	2 000	2 000
Infrastructure - Water		-	-	511	500	500	500	7 079	3 000	3 000
Infrastructure - Sanitation		-	-	47	285	275	275	275	291	308
Infrastructure - Other		-	-	3	5	1	1	1	1	1
Infrastructure		-	-	8 348	23 886	23 872	23 872	24 354	7 517	14 076
Community		-	-	27	280	107	107	108	114	120
Heritage assets		-	-	0	2	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
May 2015	6, 7	4 587	16 702	4 431	888	1 256	1 256	1 506	1 594	1 641
TOTAL EXPENDITURE OTHER ITEMS		51 370	62 715	61 440	85 656	85 835	85 835	74 468	57 726	64 380
Renewal of Existing Assets as % of total capex		0.0%	46.3%	44.8%	24.0%	30.4%	30.4%	35.4%	41.4%	20.9%
Renewal of Existing Assets as % of deprecn"		0.0%	27.4%	52.4%	17.7%	33.4%	33.4%	30.2%	19.1%	11.6%
R&M as a % of PPE		0.5%	1.7%	1.3%	2.6%	2.6%	2.6%	2.7%	1.0%	1.7%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement**NW392 Naledi (Nw) - Table A10 Basic service delivery measurement**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		9 380	11 300	11 300	13 300	13 300	13 300	15 300	17 300	17 300
Piped water inside yard (but not in dwelling)		240	240	240	240	240	240	240	240	240
Using public tap (at least min.service level)	2	1 435	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700
Other water supply (at least min.service level)	4	43	100	600	600	600	600	600	600	600
<i>Minimum Service Level and Above sub-total</i>		11 098	13 340	13 840	15 840	15 840	15 840	17 840	19 840	19 840
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	11 098	13 340	13 840	15 840	15 840	15 840	17 840	19 840	19 840
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		10 713	13 000	13 000	15 000	15 000	15 000	15 000	15 000	15 000
Flush toilet (with septic tank)		400	420	420	420	420	420	420	420	420
Chemical toilet			–	–						
Pit toilet (ventilated)		1 435	1 600	1 600	1 600	1 600	1 600	1 600	1 600	1 600
Other toilet provisions (> min.service level)		68	–	–						
<i>Minimum Service Level and Above sub-total</i>		12 616	15 020	15 020	17 020	17 020	17 020	17 020	17 020	17 020
Bucket toilet		145								
Other toilet provisions (< min.service level)		43								
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		188	–	–	–	–	–	–	–	–
Total number of households	5	12 804	15 020	15 020	17 020	17 020	17 020	17 020	17 020	17 020
Energy:										
Electricity (at least min.service level)		5 732	4 000	13 000	15 000	15 000	15 000	17 000	19 000	19 000
Electricity - prepaid (min.service level)		5 100	4 500	4 500	5 500	5 500	5 500	6 500	7 500	7 500
<i>Minimum Service Level and Above sub-total</i>		10 832	8 500	17 500	20 500	20 500	20 500	23 500	26 500	26 500
Electricity (< min.service level)		3 900	4 800	4 800	4 800	4 800	4 800	4 800	4 800	4 800
Electricity - prepaid (< min. service level)		3 600	3 900	3 900	3 900	3 900	3 900	3 900	3 900	3 900
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		7 500	8 700	8 700	8 700	8 700	8 700	8 700	8 700	8 700
Total number of households	5	18 332	17 200	26 200	29 200	29 200	29 200	32 200	35 200	35 200
Refuse:										

Removed at least once a week <i>Minimum Service Level and Above</i> <i>sub-total</i>		10 651	10 651	10 651	12 651	12 651	12 651	12 651	12 651	12 651
Removed less frequently than once a week		10 651	10 651	10 651	12 651	12 651	12 651	12 651	12 651	12 651
Using communal refuse dump		790	790	790	790	790	790	790	790	790
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal <i>Below Minimum Service Level</i> <i>sub-total</i>		790	790	790	790	790	790	790	790	790
Total number of households	5	11 441	11 441	11 441	13 441	13 441	13 441	13 441	13 441	13 441
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Sanitation (free minimum level service)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Electricity/other energy (50kwh per household per month)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Refuse (removed at least once a week)		6 045	2 304	4 500	5 500	5 500	5 500	6 000	6 500	6 500
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		180	80	165	9 012	9 012	9 012	9 544	10 107	10 673
Sanitation (free sanitation service)		816	364	751	3 636	3 636	3 636	3 796	3 850	4 062
Electricity/other energy (50kwh per household per month)		292	238	788	862	820	820	870	922	973
Refuse (removed once a week)		753	343	708	3 720	3 720	3 720	3 899	4 129	4 373
Total cost of FBS provided (minimum social package)		2 040	1 025	2 412	17 231	17 189	17 189	18 109	19 009	20 082
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		135	158	167	177	177	177	177	186	196
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		85	240	240	240	240	240	240	240	240
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		20	20	20	20	20	20	20	20	20
Property rates (other exemptions, reductions and rebates)										
Water		180	80	165	514	514	514	6 974	7 386	7 799
Sanitation		816	364	1 251	1 240	1 240	1 240	3 932	4 164	4 397
Electricity/other energy		292	238	288	4 271	4 271	4 271	5 315	5 231	5 701
Refuse		753	343	708	1 170	1 170	1 170	5 482	5 806	6 148
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									

Other									
Total revenue cost of free services provided (total social package)	2 060	1 045	2 432	7 215	7 215	7 215	21 724	22 607	24 066

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels (below minimum service level), for each of the main services.